



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
441 G STREET NW
WASHINGTON, D.C. 20314-1000

18 MAY 2006

CERM-F

MEMORANDUM FOR COMMANDERS, ALL MAJOR SUBORDINATE
COMMANDS

SUBJECT: Regional Effective Rates Implementation Policy

1. Reference:

- a. ER 37-1-30, Chapter 6 Labor Costs and Labor Cost Corrections.
- b. CERM memorandum dated 1 December 2004, subject: Implementation of USACE 2012 Financial Initiatives.
- c. National Leave Account PDT Findings and Recommendations.

2. **Purpose:** To provide leave consistency guidance, effective rate changes and policy guidance for implementing regional effective rates.

3. **Applicability:** The regional effective rates implementation policy applies to all Regional Business Centers (RBC) with the exception of Gulf Region Division and OCONUS districts. It also applies to Headquarters, Humphreys Engineer Center Support Activity and the 249th Engineer Battalion/Prime Power School. It does not apply to laboratories, other centers and separate field operating activities. The leave consistency guidance applies to all U.S. Army Corps of Engineer (USACE) activities.

4. **Background:** The USACE 2012 Report (October 2003) required the establishment of regional overhead and effective rates. A Project Delivery Team (PDT) was established to review and analyze the process and management of the Corps Leave Account and provide issues associated with consolidating individual leave accounts. The PDT found the following:

- a. The existing practice of every USACE activity maintaining its own effective labor rate and own accrued leave account is not as efficient as a centrally managed account at the RBC level.

CERM-F

SUBJECT: Regional Effective Rates Implementation Policy

b. Current accounting practices and processes require updating to ensure equitable cost distribution.

After reviewing the National Leave PDT findings and recommendations, USACE is adopting the following process, procedural and policy changes:

- a. Implement regional effective rates and accrued leave accounts.
- b. Clarify policies on charging administrative leave.
- c. Apply a standard payroll cost recovery factor to overtime.
- d. Modify the process and procedures regarding time-off awards.

5. **Policy:** Beginning immediately, time and attendance/labor cost data will be charged in accordance with the enclosed guidance. The enclosed will provide consistent guidance for charging administrative leave and will ensure consistency for developing regional effective rates.

6. Beginning in FY2007, regional accrued leave accounts will be established to account for RBC districts' effective labor rate. In addition, beginning in FY2007, a separate single accrued leave account will be created for Regional Headquarters, Headquarters, U.S. Army Corps of Engineers, Humphreys Engineer Center Support Activity and the 249th Engineer Battalion/Prime Power School. Prior to implementation, each Regional Business Center (RBC)/Regional Headquarters and Headquarters will:

- a. Assign responsibility to an office or person for accrued leave account maintenance and analysis. Individual(s) must have access to leave reports and access to appropriate databases. Individual(s) will provide account maintenance and analysis, determine an appropriate rate and provide account status and recommendations.
- b. Determine appropriate decision making/approval body to approve recommended procedures and rates. This could be the Regional Program Budget Advisory Committee (PBAC) or the Resource Manager responsible for accrued leave account maintenance and analysis.
- c. Standardize leave-charging practices within the region.

CERM-F

SUBJECT: Regional Effective Rates Implementation Policy

d. Fund leave accounts at 122% of the Defense Finance and Accounting Service (DFAS) leave liability by 30 September 2006.

7. In accordance with this new accounting policy, CEFMS will be programmed to:

a. Apply a Corps-wide standard payroll cost recovery rate to overtime (initial rate is set at 7.65%). Estimated date of completion is 30 March 2007. In the meantime, activities must factor in the payroll cost recovery rate on overtime when developing their effective labor rate.

b. Allow users to obligate/accrue an estimated amount to sufficiently fund any increases associated with time-off awards. Estimated date of completion is 30 June 2006.

8. This policy will be codified in the appropriate chapters in ER 37-1-30 (replacement for ER 37-2-10). The point of contact is Susan LeBleu, 202-761-1919.

FOR THE COMMANDER:

A handwritten signature in black ink, appearing to read 'Wesley C. Miller', with a long horizontal line extending to the right.

Encl

Wesley C. Miller
Director of Resource Management

Leave Consistency Guidance

Activity	Hours of Work	Hours of Leave	Reference
<p>“Alternate” Duty Activities – employees must be at their regular duty station, the alternate duty station, or on an appropriate form of leave. Typical examples:</p> <ul style="list-style-type: none"> Engineer Day activities Change of Command ceremonies Official programs or training (EEO, ethics, etc.) 	RG*		
<p>“59 Minute Rule” – Commanders/supervisors may excuse absences or tardiness of less than one hour.</p>	RG*		5 CFR 630.206
<p>Excused Absence – an authorized absence from duty without loss of pay and without charge to other paid leave, as described in referenced DoD Manual. Excused absence must be in connection with furthering a function of the Department of Defense. Examples:</p> <ul style="list-style-type: none"> Voting or registering to vote Donating blood without compensation Personal tasks incident to PCS (close/open personal bank accounts, obtain State driver’s license or car tags, etc.) Job searches and interviews within local commuting area, under notice of separation or change to lower grade Initial EAP counseling session (drug, alcohol, financial) Testing for professional certification Management sponsored volunteer projects (e.g. Adopt a School) Physical exams for enlistment/ induction into the Armed Forces Congressional Medal of Honor holders attendance at specific events Attendance at funerals under 5 USC 6321, 6326 or 6327 		LN	DOD 1400.25-M, SC630.7 and DODFMR Volume 8, Para. 0516

Leave Consistency Guidance

Administrative Dismissals – Closure of installations or activities. Dismissal of non-emergency personnel due to extreme weather conditions, natural disasters or unforeseen interruptions of transportation or building services (potential health or safety risks)		LN	DOD 1400.25-M, SC610.3.5.3
Other Excused Absence, as described in references - Bone Marrow or Organ Donor Leave Part-timer in-lieu of holiday Preventive health screening Five days leave granted to reservists returning from active military duty		LV	DOD 1400.25-M, SC 630.6 and DODFMR Volume 8, Para. 0506

* Costed to Departmental or G&A overhead

CEFMS Pay and Leave Codes
RG – Regular Hours (Graded)
LN – Administrative Leave
LV – Excused Absence